MONTANA

Department of Commerce

ECONOMIC BENEFITS OF MONTANA DEPARTMENT OF COMMERCE HOUSING ACTIVITIES

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Information in Support of the Montana Consolidated Plan
For the Plan Year Beginning April 1, 2005

MAY 2005

EQUAL HOUSING OPPORTUNITY

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ECONOMIC BENEFITS OF MONTANA DEPARTMENT OF COMMERCE HOUSING PROGRAM ACTIVITIES

OVERVIEW

The availability of reasonably priced housing for lower income families is a persistent problem in Montana. According to the American Community Survey[1], Montana ranked 43rd in median family income in 2003, 45th in per capita income, and 14.6% of Montana families were in poverty in 2002. The housing programs undertaken by the Montana Department of Commerce (MDOC) focus on these categories of families in an effort to provide greater access to affordable housing.

In Montana, a family of four is defined as low-income if its income falls below $37,556 annually, very low-income if its income is below $23,483 and extremely low-income if it is below $14,073. Without the housing assistance programs overseen by MDOC, many families would be unable to secure decent affordable housing. For example, during 2004, the Montana Board of Housing (MBOH) provided funding for 1,137 single-family mortgages and helped to provide an additional 220 units of multifamily rental housing focused toward low-income families. These and other MDOC housing programs have directly contributed to the improvement in the lives of many Montana families.

To fully assess the effectiveness of these programs on Montana citizens and families, this study examines all of the related economic effects of the program expenditures as they move through the economy. One caution: the costs of providing and overseeing these programs has not been deducted from the benefits in this report.

The MDOC housing programs include the:

1. Homeownership Program (formerly known as the Single-Family Mortgage Loan Program)
2. Multifamily Program
3. Low Income Housing Tax Credit Program
4. U.S. Department of Housing & Urban Development (HUD) Rental Assistance Programs
5. HOME Investment Partnerships Program
6. Community Development Block Grant Program Funding for Housing

These programs provide visible benefits to communities throughout the state in funding rehabilitation and new construction of low-income housing. During the construction

[1] U.S. Census Bureau, American Community Survey.

phase, people within the community are aware of the direct economic impacts in terms of construction jobs and spending. They can easily understand the improvement better housing has on a family. What they are less aware of is the ripple effect the expenditures have within their communities and the number of businesses and jobs that are supported. Even less visible is the amount of economic activity generated by low-income housing assistance. The increased consumer spending, which results from the rental cost reduction benefits, a wide variety of businesses throughout the community.

In order to accurately assess the effectiveness of the programs administered by the MDOC, an assessment of the overall economic benefits was undertaken. This study uses a type of economic modeling called "input output analysis" to capture the impacts on all parts of the economy when spending is increased in one area or industry. The effects of the expenditures can be separated into three types:

1. Direct: Direct effects impact businesses that are primarily involved in housing transactions such as construction firms, real estate agents, title companies, appraisal services and insurance firms. In this case, the direct effects are equal to the level of program expenditures.

2. Indirect: Indirect effects occur when direct businesses purchase more services or goods from other non-housing-related businesses. An example of this would be appraisal firms purchasing more advertising as a result of their higher profit levels. The advertising firm is not a direct housing-related business, but it now has higher sales as well. So the purchase of additional goods and services from other types of businesses generates the indirect effects.

3. Induced: Induced effects result from increased spending by workers and owners of both direct and indirect businesses. As the businesses generate more profit, salaries increase or more workers are hired. These workers now spend more in the surrounding communities. Purchases of all consumer goods increase, such as cars, videos, appliances, apparel or other consumer items.

The effects on the state's economy can be viewed from two perspectives: economic activity in terms of goods and services sold and the number of jobs created or maintained. Table 1 summarizes the amount of economic activity attributed to MDOC housing programs.

TABLE 1
Annual Economic Activity due to MDOC Housing Programs

Year	Direct	Indirect	Induced	Total
1995	99,739,447	18,563,058	29,990,397	148,292,903
1996	72,394,631	13,388,834	22,928,174	108,711,639
1997	104,369,564	19,456,639	31,030,632	154,856,836
1998	97,641,477	18,192,933	29,205,890	145,040,300
1999	107,504,793	20,085,453	31,447,578	159,037,824
2000	145,142,382	27,230,769	41,080,247	213,453,398
2001	119,698,808	22,396,958	34,679,353	176,775,119
2002	147,206,775	27,619,770	41,758,080	216,584,625
2003	98,395,751	18,354,827	29,207,671	145,958,249
2004	170,131,149	31,985,038	47,454,177	249,570,363

As Table 1 indicates, housing programs were responsible for over $249 million dollars of economic activity within the state during 2004. To put that in perspective, for every dollar directly expended in housing program funds, another 19 cents [2] was generated in businesses not directly related to housing (indirect) and an additional 28 cents was earned by businesses that provide consumer goods (induced). Every time a dollar was expended by a program, it generated another 47 cents worth of economic activity in the state's economy.

The impact on jobs within the state is also more significant than many realize. As program funds are spent, jobs are created or maintained in direct housing-related businesses. Jobs are also created in other businesses that provide business goods and services and those that provide consumer goods and services. Jobs that accrue in industries directly affected by housing program fund expenditures are listed in Table 2 under the direct column. During 2004, these expenditures accounted for 2,828 full-time equivalent jobs in Montana. Indirect effects include jobs created or sustained in industries that do business with direct housing-related industries, while induced jobs are generated from increased spending of incomes by workers, families and business owners. Table 2 indicates that over 486 indirect jobs and 715 induced jobs were created during 2004. Indirect jobs could be jobs in insurance, computer related services, business support services or wholesale trade. Induced jobs could be in any industry that provides consumer goods or services such as performing arts, health care, education, retail sales, or food service establishments. Annually, MDOC housing programs were responsible for more than 4,030 full-time equivalent jobs in 2004.

[2] Results were calculated by taking the amount of indirect benefits ($31,985,038) and dividing by direct benefits ($170,131,149) yielding $0.19. Similar calculations were performed for induced benefits.

TABLE 2
Jobs Created or Sustained by MDOC Housing Program Expenditures

Year	Direct	Indirect	Induced	Total
1995	1,626	281	416	2,323
1996	1,163	203	300	1,666
1997	1,707	295	436	2,438
1998	1,594	276	407	2,278
1999	1,766	305	450	2,520
2000	2,404	414	609	3,428
2001	1,971	340	501	2,813
2002	2,437	420	618	3,475
2003	1,610	279	411	2,299
2004	2,828	486	715	4,030

For the periods 2003 and 2004, MDOC housing programs were responsible for over $395 million of economic activity within the state. This represents a 49 cent addition to the initial dollar spent by the funding agency. These expenditures were responsible for creating or maintaining 6,329 jobs during the two-year period.

Methodology Used in the Study

In order to more accurately assess economic impacts, it is important to understand the flows of funds between businesses in different industries and consumers. Input output models are an economic tool which model these interactions in the economy through sets of mathematical equations. Input output models account for flows of commodities (or products) from producers to intermediate and final consumers or purchasers. Input output models provide the most accurate assessment of the full effects of changes in an industry or sector on the economy. Industries produce goods and services in response to demand for them. In turn, these industries buy goods or services from other businesses needed to produce their product.

For example, as the demand for tables increases, companies that produce tables will need to buy more wood, more nails or screws, more sanders, more stain or varnish from companies that produce these items. The increased demand for tables has generated increased demand for other inputs into the production of tables. These interactions, between industries that produce tables and those that supply inputs into table production, are referred to as **direct effects**. In addition to these effects, other businesses will be impacted as well. As the table producers begin to have higher sales, they now have a greater need for accounting services, garbage removal, more vehicles and advertising services. The businesses that supply these other types of goods and services are **indirectly impacted** by the increased demand for tables. As the demand for the goods and services of these non-related businesses rises, the companies make larger profits and employ more workers. The third type of effect that is accounted for is referred to as the **induced effect**. Induced effects occur as a result of increased spending by owners and stockholders of businesses and by the workers receiving larger paychecks. This additional spending by consumers can be for any type of good or

service from gasoline to video rentals. The induced spending will, in turn, create additional demand for other goods and services that will increase economic activity and generate jobs.

This study uses a regional input output model called IMPLAN[3], which models the relationships between businesses and consumers to account for the direct, indirect and induced effects that occur. The model is also capable of estimating the impacts on state and local governments of additional taxes collected as a result of an increase in demand. The tax impacts can be aggregated into those paid by households, corporations and indirect business taxes. Household expenditures on state and local taxes will include interest, income taxes, estate and gift tax, motor vehicle licenses, personal property taxes, fines, fees and hunting/fishing licenses. Corporate taxes include taxes on corporate profits and dividends. Indirect business taxes include motor vehicle licenses, sales taxes, severance taxes, property taxes and other. Indirect business property taxes include real estate property taxes paid by households, since households are treated as an industry sector for this component.

MONTANA BOARD OF HOUSING (MBOH)

Montana Board of Housing (MBOH) program funds are generated through the issuance of tax-exempt bonds and from administrative fees received. No state funds are allocated to operate the program. The MBOH operates a number of programs that provide assistance to low-income families and support the goal of providing affordable housing within the state. These programs have economic benefits far in excess of the dollars spent directly. The following sections will discuss the programs separately and assess their economic impact on the state. Local communities also benefit depending upon the availability of goods and services within their community. The benefits at the county or local level have not been addressed specifically in this report.

Homeownership Program

The purpose of the Homeownership Program (formerly known as the Single-Family Program) is to assist low- and moderate-income Montanans to purchase homes in the state of Montana. The MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds to either purchase existing housing or construct new housing. Targeted populations are first time homebuyers, disabled individuals and low- to moderate-income groups in specific areas. Income and purchase price limits are determined annually for areas within Montana. Purchase price limits for single-family homes for 2004 were $172,632 for existing construction and $204,432 for new construction. Without this program, many of these households would not be able to purchase a home.

[3] Minnesota IMPLAN Group, Inc., IMPLAN System

The provision of mortgage funding through the MBOH has substantial economic benefits over and above the actual level of program expenditures. Businesses that interact with the housing industry but are not housing-related would receive the indirect benefits, while businesses that consumers purchase from would accrue the induced benefits. Table 3 summarizes the economic effects of the homeownership programs over the past 10 years. The analysis shows that for every dollar spent on MBOH expenditures for homeownership loans, $1.44 in sales were generated in local communities.

TABLE 3
Economic Impact of MBOH
Homeownership Program Expenditures

Year	Program Expenditures	Direct Effect	Indirect Effect	Induced Effect	Total Impact
1993	23,992,687	23,992,687	4,557,198	6,116,179	34,666,064
1994	17,673,174	17,673,174	3,356,862	4,505,219	25,535,255
1995	82,775,132	82,775,132	15,722,400	21,100,912	119,598,444
1996	56,631,773	56,631,773	10,756,702	14,436,486	81,824,961
1997	91,830,894	91,830,894	17,442,462	23,409,393	132,682,749
1998	81,324,718	81,324,718	15,446,907	20,731,174	117,502,799
1999	94,179,201	94,179,201	17,888,502	24,008,020	136,075,722
2000	130,914,537	130,914,537	24,866,052	33,372,536	189,153,125
2001	104,906,838	104,906,838	19,926,121	26,742,693	151,575,652
2002	132,576,965	132,576,965	25,181,816	33,796,319	191,555,100
2003	84,853,807	84,853,807	16,117,226	21,630,804	122,601,837
2004	154,062,154	154,062,154	29,262,736	39,273,291	222,598,182

Source for program expenditures: MDOC MBOH data

This increase in demand for goods and services from local businesses serves to increase the number of jobs within those communities as well. When looking at job creation and maintenance, again there are direct, indirect and induced effects. The impacts on employment are based on full-time equivalent positions. The IMPLAN model assumes an average earning level per job in Montana of $41,455. In 2004, the homeownership program supported 2,617 jobs in housing-related businesses and was responsible for supporting or creating another 1,099 jobs in other types of businesses, for a total of 3,716 full-time equivalent jobs within the state. Table 4 summarizes the effects on the labor market that occurred as a result of the MBOH homeownership program for the period 1993 through 2004.

TABLE 4
Jobs Created or Maintained as a Result of Homeownership Program Expenditures

Year	Direct	Indirect	Induced	Total
1995	1,626	281	416	2,323
1996	1,163	203	300	1,666
1997	1,707	295	436	2,438
1998	1,594	276	407	2,278
1999	1,766	305	450	2,520
2000	2,404	414	609	3,428
2001	1,971	340	501	2,813
2002	2,437	420	618	3,475
2003	1,610	279	411	2,299
2004	2,828	486	715	4,030

Another benefit that occurs as a result of the homeownership program is the increased level of tax collections by both state and local governments. Although it is assumed that property tax collections will rise as new property is added to the tax roles, the fact that other tax collections will also rise is often overlooked. Table 5 summarizes the increase in tax collections that have occurred over time as a result of the MBOH homeownership program expenditures. In 2004, the tax increases for state and local entities that resulted from program expenditures totaled $21,499,846. This translates into an increase of $0.14 in additional revenue to state or local governments for every $1.00 of expenditures provided by the homeownership program.[4]

TABLE 5
Tax Benefits to State and Local Governments

	Source of Tax			
Year	Households	Corporations	Indirect Business Taxes	Total State & Local Taxes
1993	203,454	152,196	2,992,603	3,348,253
1994	149,866	112,108	2,204,371	2,466,346
1995	701,921	525,077	10,324,526	11,551,524
1996	480,229	359,239	7,063,670	7,903,138
1997	778,712	582,522	11,454,049	12,815,283
1998	689,621	515,877	10,143,616	11,349,114
1999	798,625	597,418	11,746,953	13,142,996
2000	1,110,135	830,445	16,328,944	18,269,525
2001	889,594	665,468	13,085,009	14,640,071
2002	1,124,233	840,991	16,536,299	18,501,522
2003	719,547	538,263	10,583,799	11,841,609
2004	1,306,424	977,280	19,216,142	21,499,846

[4] Calculated by taking the total state and local taxes divided by direct program expenditures.

Income tax payments by households will increase as a result of increased wages or increased workers. As income levels rise, households will purchase vehicles, which generate more motor vehicle tax dollars. Funds will accrue to state and local governments from greater numbers of hunting and fishing licenses sold, fuel taxes paid and other fines and fees. Increased sales by both direct and indirect businesses will lead to increased profitability. Businesses will pay higher corporate profit taxes and dividends due to the increased profits. In addition to corporate income taxes and dividends, spending on business property will increase as well. This additional spending generates taxes associated with motor vehicles and severance. The additional spending related tax revenues are listed as indirect business taxes in Table 5. Real estate property taxes paid by households also show up under this category since the model treats households as an industry for non-personal property tax purposes.

Low Income Housing Tax Credit (LIHTC) Program

The Low Income Housing Tax Credit (LIHTC) Program allows qualified developers and owners of qualified housing to receive an annual federal tax credit for 10 years based on the number of housing units provided for low-income families. The MBOH typically has $2 million in LIHTC to allocate on an annual basis. By providing this tax credit, dollars are retained by the businesses that would otherwise be paid out in taxes. These retained dollars are spent within the business community and on higher wages for workers. It should be noted that because the tax credits are marketable, they may be sold to investors outside of Montana, and thus the benefits would accrue to states other than Montana. Because of their multiyear span, the benefits from the tax credit will continue to accrue through the economy for 10 years.

The tax credits will generate direct, indirect and induced effects within the economy. The direct effect will be equal to the monies retained by the businesses that receive the tax credit. These are retained earnings that the business can now spend on other profit generating activities. The indirect effects will result from higher demand for other business goods and services as the higher profits are spent. The ripple effect of the higher spending will be reflected in greater demand for goods and services requiring more workers. Increased incomes of workers and business owners will be spent on consumer items in the economy generating induced effects throughout many sectors.

Every dollar in tax returned through low income housing tax credits generates an additional 45 cents worth of income and spending in the state economy[5]. This benefits low-income families, as well as businesses throughout the economy. Table 6 summarizes the economic effect of the tax credit program.

[5] Total Impacts divided by Direct Impacts will yield the multiplier of 1.45.

TABLE 6
Economic Impact of the LIHTC Program

Year	Direct	Indirect	Induced	Total	Additional Taxes Generated
1993	390,088	76,615	101,427	568,131	76,467
1994	1,267,349	248,914	329,526	1,845,788	248,432
1995	356,427	70,004	92,675	519,106	69,868
1996	2,163,447	424,912	562,521	3,150,880	424,089
1997	794,218	155,988	206,506	1,156,712	155,686
1998	1,624,095	318,980	422,284	2,365,359	318,363
1999	1,247,894	245,093	324,467	1,817,454	244,618
2000	1,138,372	223,582	295,990	1,657,944	223,149
2001	2,067,516	406,071	537,578	3,011,165	405,284
2002	2,438,038	478,843	633,918	3,550,799	477,915
2003	2,030,000	398,702	527,824	2,956,526	397,930
2004	2,220,623	436,142	577,388	3,234,152	435,297
TOTAL	$17,738,067	$3,483,846	$4,612,104	$25,834,017	$3,477,098

Source for program (direct) expenditures: MDOC data

Another aspect of this tax credit program is that it actually generates additional state and local tax revenues as result of the higher levels of purchases, wages and spending. Additional state and local government tax revenues are summarized in the right-hand column in Table 6.

The LIHTC program also has employment impacts in terms of creating or sustaining jobs. The employment effects are summarized in Table 7. As noted earlier, job numbers are in full-time equivalents. Since 1993, the LIHTC program is responsible for 428 jobs in the state's economy, not including any workers required to administer the program.

TABLE 7
Jobs Created or Maintained as a Result of the LIHTC Program

Year	Direct	Indirect	Induced	Total
1993	6	1	2	9
1994	21	4	5	31
1995	6	1	2	9
1996	36	7	9	52
1997	13	3	3	19
1998	27	5	7	39
1999	21	4	5	30
2000	19	4	5	28
2001	34	7	9	50
2002	41	8	11	59
2003	34	7	9	49
2004	37	7	10	53
TOTAL	295	57	77	428

General Obligation Multifamily Program

During 2003 and 2004, no program expenditures were made under the general obligation multifamily program.

OTHER HOUSING-RELATED PROGRAMS

There are other programs that are administered by the Montana Department of Commerce that are separate from the MBOH programs. These include programs that are funded with federal dollars, but administered by the MDOC. Under the direction of MDOC, these programs provide substantial economic benefits to families, communities and the state.

HUD Rental Assistance Programs

The HUD Section 8 Low Income Rental Assistance Housing Programs include the Tenant Based Section 8 (voucher program) and the Montana Project Based Section 8 Contract Administration Program. The tenant based program provides assistance to low-income families throughout Montana by providing subsidy payments to property owners on behalf of program participants. This serves to increase the availability of and the quality of housing for low-income families. Families pay 30% of their adjusted gross income towards rent and utilities. Current income limits can be found in the Section 8 documents on the MDOC website[6]. In addition to assisting families through the tenant-based program, MDOC also serves as the contract administrator for properties that HUD manages throughout the state. Again, tenants benefiting from this Section 8 program pay 30% of their incomes on rent, while HUD provides subsidy for the remaining rent payment. The agency performs property reviews and property management functions, interacting with landlords to ensure compliance. As the administrator, MDOC receives administration fees from HUD.

The provision of reduced rents for low-income families has the effect of increasing their disposable income, as they spend less on housing than would be the case without the program. This frees up dollars in their budget that can be spent on other types of goods and services. This in turn generates additional demand for products produced by a wide variety of businesses and supports jobs in many industries. Table 8 indicates that annually the total economic impact of the Section 8 rental assistance is between $14 and $15 million added to the state's economy. This supports between 112 and 125 jobs annually throughout the state as indicated in Table 9.

[6] http://housing.state.mt.us/Hous_S8_Apps.asp

TABLE 8
Economic Impact from Section 8 Rental Assistance Programs

Rental Assistance	Administrative Fees	Direct	Indirect	Induced	Total
8,352,580	274,280	8,626,860	1,254,729	6,762,299	16,643,888
8,169,250	270,500	8,439,750	1,227,189	6,613,874	16,280,813
8,093,590	268,940	8,362,530	1,215,823	6,552,619	16,130,972
7,886,750	265,500	8,152,250	1,184,751	6,385,160	15,722,162
7,393,990	255,340	7,649,330	1,110,729	5,986,219	14,746,278
7,464,060	255,960	7,720,020	1,121,255	6,042,948	14,884,223
7,611,850	262,100	7,873,950	1,143,456	6,162,599	15,180,005
7,727,900	261,400	7,989,300	1,160,889	6,256,554	15,406,743
7,534,703	254,865	7,789,568	1,131,867	6,100,140	15,021,575
7,459,355	252,316	7,711,672	1,120,548	6,039,139	14,871,359

Source for rental assistance and administrative fees: U.S. Department of Housing and Urban Development data, MDOC.

TABLE 9
Jobs Created or Maintained as a Result of Section 8 Rental Assistance

Year	Direct	Indirect	Induced	Total
1995	79	17	29	126
1996	77	17	29	123
1997	77	17	28	122
1998	75	16	28	119
1999	70	15	26	112
2000	71	15	26	113
2001	72	16	27	115
2002	73	16	27	116
2003	72	15	27	114
2004	71	15	26	112
	737	159	274	1,170

Home Investment Partnerships (HOME) Program

The Home Investment Partnerships (HOME) Program provides grant funds to local government and community housing organizations to develop affordable housing for low-income households. The funds are awarded through a competitive process to assist in the construction and rehabilitation of single-family homes and rental units. The goal of the HOME program is to increase the supply of quality, affordable housing for very low and low-income households.

The economic benefits that accrue from this program initially effect construction-related businesses within the state and increase the available supply of affordable housing. The larger supply of affordable housing leads to lower housing costs, which in turn benefits households by allowing them to spend a smaller portion of their budget on housing. This

budget savings becomes a portion of the induced effect as households have more disposable income to spend on other consumer goods.

TABLE 10
Economic Impact of HOME Grant Funds

Year	HOME Grant Funds	Direct	Indirect	Induced	Total
1995	5,396,202	5,396,202	1,024,961	1,375,592	7,796,754
1996	3,161,635	3,161,635	600,524	805,959	4,568,119
1997	1,784,485	1,784,485	338,947	454,898	2,578,330
1998	4,467,988	4,467,988	848,655	1,138,973	6,455,615
1999	2,712,489	2,712,489	515,213	691,464	3,919,166
2000	4,093,422	4,093,422	777,509	1,043,489	5,914,420
2001	3,522,187	3,522,187	669,008	897,871	5,089,066
2002	2,993,468	2,993,468	568,583	763,090	4,325,141
2003	3,722,376	3,722,376	707,032	948,902	5,378,311
2004	5,686,775	5,686,775	1,080,152	1,449,664	8,216,591

Source for grant funds: MDOC data

The direct employment effects from the HOME Program are associated with construction-related businesses that undertake new construction or rehabilitation of structures. The portion of funds that are directed to homebuyer assistance benefit housing-related businesses that participate in the transfer of properties.

TABLE 11
Jobs Created or Maintained as a Result of HOME Grant Funds

Year	Direct	Indirect	Induced	Total
1995	92	16	23	130
1996	54	9	13	76
1997	30	5	8	43
1998	76	13	19	108
1999	46	8	12	65
2000	70	12	17	99
2001	60	10	15	85
2002	51	9	13	72
2003	63	11	16	90
2004	97	16	24	137

Community Development Block Grant (CDBG) Program Funds for Housing

The state CDBG Program assists communities with populations under 50,000. Allocations are established for each state on the basis of a statutory formula. The state CDBG Program is administered by the Montana Department of Commerce. Since 1982, Montana has received over $160 million in CDBG funds providing millions of dollars of construction activity and creating jobs for Montanans across the state.

The MDOC CDBG website includes a summary of all the applications submitted to and funded by the CDBG program[7]. The economic benefits evaluated in this report are related to the rehabilitation and improvement of existing rental housing and the construction of new low-income housing.

Table 12 illustrates that the expenditure of funds by housing-related businesses has a significant impact on the entire business community. For every dollar spent directly on rehabilitation or construction, an additional 19 cents is spent on non-housing-related businesses (indirect effects) while an additional 25 cents is spent by consumers on all other types of consumer goods (induced effects).

TABLE 12
Economic Impact of CDBG Housing Grant Funds

Year	Expenditures	Direct	Indirect	Induced	Total
1994	1,799,216	1,799,216	341,745	458,653	2,599,615
1995	2,584,826	2,584,826	490,965	658,920	3,734,711
1996	1,998,026	1,998,026	379,507	509,334	2,886,867
1997	1,597,437	1,597,437	303,419	407,216	2,308,072
1998	2,072,426	2,072,426	393,639	528,300	2,994,365
1999	1,715,879	1,715,879	325,916	437,409	2,479,204
2000	1,276,031	1,276,031	242,371	325,284	1,843,686
2001	1,328,317	1,328,317	252,302	338,613	1,919,232
2002	1,209,004	1,209,004	229,640	308,197	1,746,841
2003	0	0	0	0	0
2004	449,925	449,925	85,459	114,694	650,078
TOTAL	$16,031,087	$16,031,087	$3,044,962	$4,086,620	$23,162,670

Note: CDBG grant funds were allocated in a combined competition for 2002-2003.
Source: MDOC CDBG Grants Awarded

Table 13 summarizes the impacts of the CDBG funds on the employment within the state. The $449,925 expended in 2004 created or maintained eight full-time equivalent jobs in housing-related businesses. It was also responsible for one job in non-housing businesses and an additional two jobs in businesses from which consumers purchased

[7] http://www.mtfinanceonline.com/cdbg-house.html

products. During 2004, the CDBG funding supported 11 full-time equivalent jobs within the state. It is important to recall that many of these jobs are in smaller communities and therefore provide a significant local impact.

TABLE 13
Jobs Created or Maintained as a Result of CDBG Housing Grant Funds

Year	Direct	Indirect	Induced	Total
1994	31	5	8	43
1995	44	7	11	62
1996	34	6	8	48
1997	27	5	7	39
1998	35	6	9	50
1999	29	5	7	41
2000	22	4	5	31
2001	23	4	6	32
2002	21	4	5	29
2003	0	0	0	0
2004	8	1	2	11
TOTAL	272	46	68	387

SUMMARY

It is clear that the MDOC housing programs have a significant impact on the lives of lower income families, first time homebuyers and the state of Montana. The programs make it possible for many families to achieve standards of living that would not be available otherwise. It is also clear from the data provided that the benefits accrue to a much wider audience. Businesses of all types benefit from greater demand from other businesses for goods and services and higher spending by consumers as a result of increased disposable incomes. The employment situation also is directly affected by these expenditures as they support jobs in a wide variety of industries throughout the state such as auto repair, insurance agencies, telecommunications, legal services and hotels and motels. During 2003 and 2004, housing program expenditures supported 6,248 full-time equivalent jobs in Montana. For the same time period, expenditures of $266 million generated more than $392 million in additional goods and services sold. For every dollar spent on the programs, another 47 cents of economic activity occurred. These programs not only provide critical assistance to low-income households within our state, but help to provide jobs and demand for businesses. The program expenditures undertaken by the housing programs managed by the Montana Department of Commerce accumulate significant benefits for the citizens of the state.

50 copies of this public document were published at an estimated cost of $1.40 per copy, for a total cost of $70.00, which includes $70.00 for printing and $0.00 for distribution.